

## **SB 127 -- Fiscal Impact**

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1. **Beer and Wine distributors support SB 127, as a compromise bill developed during a year of meetings with interested parties. In particular, we support the ADDITION of 2 FTEs (employees in DOR) to help enforce the new law.**
2. **Beer and Wine is sold through the three tier system which has existed since Prohibition. That system makes sure that sale of beer and wine is properly regulated.**
3. **Beer and wine distributors are part of the regulatory scheme: only purchasing product from licensed manufacturers and selling only to retailers with up-to-date licenses in good standing, as well as helping the state to enforce other laws regulating the sale of beer and wine.**
4. **SB 127 is a modification of the 3 tier system – to meet the requirements of a US Supreme Court decision, and to meet changing times. SB 127 will partially remove distributors from their job in helping the state to enforce wine distribution laws. For those wineries who opt into the new licensing system, they will now go direct to retailers and the buffer of the distributor will be gone.**
5. **The only way this new law will work for the various segments of the industry is for the limits on shipments to be enforced. And the only way the DOR can enforce those limits is with additional manpower.**
6. **The bill provides for cross checking of records between out-of-state wineries and in-state retailers. This absolutely needs to be done because the distributor is removed from our enforcement role and removed from the collection of taxes.**
7. **The DOR's request for 2 additional FTEs is entirely reasonable and should be approved by your do pass recommendation for SB 127 from this committee.**

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